

**CAPITAL PROJECTS ADVISORY REVIEW BOARD
PROJECT REVIEW COMMITTEE - PANEL**

**Northwest Carpenters Facility
25120 Pacific Highway South**

Kent, Washington

March 26, 2009

10:00 AM

Minutes

MEMBERS PRESENT

Charles Davis, Evergreen Healthcare
Eric Smith, Chair, University of Washington
Darlene Septelka, Landon Construction Group
Rodger Benson, MA Mortenson Company

Miriam Israel Moses, Rebound
Christy Trautman, King County
Mark Scoccolo, SCI Infrastructure LLC
Juan Huey Ray, Office of Minority and Women's
Business Enterprises (OWMBE)

STAFF, GUESTS, PRESENTERS

Robyn Hofstad, General Administration
Dan Chandler, Olympic Associates Company
Court Olson, Olympic Associates Company

Kasey Wyatt, Olympic Associates Company
Terry Peterson, Mason County PUD #3
Cheri Lindgren, Puget Sound Meeting Services

Welcome & Introductions

Panel Chair Darlene Septelka convened a panel of the Capital Projects Advisory Review Board (CPARB) Project Review Committee (PRC) at 10:04 a.m.

Project Application Review for GC/CM – Mason County PUD #3

(Panel Chair Darlene Septelka, panel members Rodger Benson, Chuck Davis, Miriam Israel Moses, Christy Trautman, Juan Huey Ray, and Mark Scoccolo.) Panel Chair Septelka described the application review process. Panel members provided self-introductions.

Dan Chandler, Managing Principal, Olympic Associates Company (OAC), reported the project team will focus on concerns raised at the February meeting and why the Mason County PUD project is a great fit for the General Contractor Construction Manager (GC/CM) delivery model. The owner team provided self-introductions.

Terry Peterson, Director of Engineering, Mason County PUD #3 (PUD), said the organization's facilities are not centrally located. The office building is 50 years old. In 2000, the PUD purchased adjoining parcels of land in the Shelton area to move most of the current administration, engineering, operations, vehicle storage, shops, and material warehouse functions to one location.

Court Olson, Senior Project Manager, OAC, referred to the fiscal benefits and how the project meets Alternative Public Works (APW) delivery criteria outlined in the Revised Code of Washington (RCW). He distributed a conceptual site plan of the maintenance and operations center. Areas shown in red represent rooftops totaling approximately 70,000 square feet. If a photovoltaic roof module plan is extended to all new roofs in the project, the project is enhanced through renewable energy. Initiative 937 requires the PUD to generate 15% of its power from renewable energy resources. A photovoltaic system is a least cost option for

renewable power. The nameplate value of power generating capacity is approximately 1,000 kilowatts (KW). To ensure power goes onto the grid for distribution, it's necessary to construct energy efficient buildings and install ground source heat pumps for heating and cooling loads. The power needs for the site will likely be limited to lighting, heat pumps, and plug loads. A high percentage of photovoltaic power will be added to the grid. Employing a photovoltaic system will lead to energy savings, but it adds technical complexity to the project. The size of the photovoltaic panel display and installation is unprecedented for the PUD, the State of Washington, and the Pacific Northwest. The system will be one of the largest installations in the U.S. The owner may seek out-of-the state technical expertise.

Mr. Olson reported the complex scheduling and phasing relates to the technical aspects. Another is financing. Renewable energy resources are eligible for credit or renewable energy bonds at 0% interest. Traditional bonding sources will be pursued for the utility installations. The PUD is applying for stimulus funding and other grant applications. The owner foresees using a mixture of funding mechanisms. It's likely project elements will be phased as funding becomes available.

Participation by the GC/CM early in the project, including the design phase, is critical. The current construction cost market is unpredictable. Prices are substantially different this year than last year. A GC/CM can also provide construction and cost consultant price estimating to inform the total budget cost, assist with phasing the bid packages, and support the subcontractor pre-qualification piece.

Mr. Chandler pointed out that \$10 million of the \$40 million project cost may be dedicated to the PUD. A GC/CM will provide input on how to procure the materials, particularly the photovoltaic panels. Having a GC/CM on board will strengthen bond and grant fund applications. It's likely the maximum allowable construction cost (MACC) for site development and early procurement will be phased.

Mr. Olson noted the budget published a month ago (\$35 million) is understated. The team expects the project to exceed \$40 million. Another option is covering the storage area with photovoltaic panels increased PUD's 1,000 KW nameplate value. The project design is currently in schematic design.

Mr. Chandler reviewed the proposed management plan and staffing commitment. He referred to a letter from Wyla Wood, Manager of the PUD, affirming the agency's intent to commit to fully funding OAC staffing as recommended to support completion of the project. He outlined his role and responsibilities to support the project. Mr. Olson will serve as the senior project manager during design. Ms. Wyatt will develop a relationship with the GC/CM contractor. Mr. Chandler introduced Kasey Wyatt.

Kasey Wyatt, Senior Project Manager, OAC, provided an overview of her education and construction industry experience. Ms. Wyatt reported she joined OAC in 2006, and her experience as a contractor is beneficial to understanding projects and supporting owners. Recent project experience includes managing the Eatonville High School renovations, deconstruction of a lumber mill at the Port of Tacoma, assisting the Tukwila School District with long-term planning activities, and serving as a project manager for the Babbitt Neuman Construction Company in Steilacoom.

Mr. Benson said technology of the photovoltaic panels serve to make the project particularly unique. The GC/CM process is appropriate. The PRC denies project applications for good reasons. The process provides owners with an opportunity to gain knowledge and strengthen proposals for resubmittal. The PRC's review process leads to better projects. Concerns emerging from the last review involved the owner's inexperience with APW methodologies and adequate on-site project management expertise of the original team. A significant change is Ms. Wyatt's participation on the team. He asked about the largest project she's managed. Ms. Wyatt replied that she managed the \$50 million Mount Rainier High School construction project.

Ms. Wyatt described her role with Pierce Transit and the Sound Transit Tacoma Dome Station parking structure project. She referred to the difference between the GC/CM and Design Bid Build (DBB) delivery models.

Mr. Chandler commented on subtleties often arising, such as the use of contingency and what constitutes a change order.

Mr. Benson commented that there is a huge difference in terms of relationships between team members and the manner in which problems are handled. He asked how the knowledge from key OAC members will benefit the project team. Mr. Chandler said his involvement is typical and active early in a project. Developing a strategy for procurement will be part of the selection criteria. He said he'll be involved in contract negotiations and subcontract plan and review.

Mr. Olson said he understands and is familiar with the public bidding process.

Discussion ensued on the owner's knowledge and thoughts on the 2007 changes to the APW statute, particularly related to the 90% design and subcontractor packages. Mr. Olson said he participated in one of the first Design Build (DB) public projects in the state involving the Kennewick Convention Center. The statute was and is relatively silent on the subcontracting procedures for DB; however, the law is prescriptive for GC/CM. The Kennewick Convention Center team decided to mirror and closely follow the GC/CM subcontractor procurement procedures for DB execution.

Panel Chair Septelka asked how changes in the statute impact the risk to the owner. Mr. Olson said he doesn't believe there is a significant difference.

Panel Chair Septelka asked whether Mr. Chandler will provide oversight and guidance to the team. Mr. Chandler affirmed he will be providing oversight and guidance. Lessons are learned from each job on how to package a Request for Proposal (RFP), what the specified general conditions should be, what can or should be negotiated support services, and what should be hard bid. The PUD would like to see good coverage in Mason County. Big packages will exclude smaller contractors.

Ms. Moses complimented the team on the revised project application. The application and presentation are responsive to the questions and concerns raised at the February meeting. She said she's convinced OAC has staff capacity to provide support that Ms. Wyatt may or may not need as project manager. The project is complex. She asked Ms. Wyatt about what she envisions her job to be. Ms. Wyatt replied that some of her time (10-20%) will be spent with pre-construction activities, such as reviewing constructability documents and working with Mr. Olson and the contractor to assign subcontractors. Most of the time (50-60%) will be during the construction phase and daily quality control, changed conditions, reviewing payouts, ensuring schedule and budget is maintained, and typical project management duties. Quality control is a significant element because of the specialties. She advised that she is working on Leadership in Energy and Environmental Design (LEED) accreditation and hopes to become LEED certified next week.

Discussion ensued on opportunities the project could create for small businesses. Mr. Olson said the PUD and Shelton community would like to keep as much of the work local as possible. The GC/CM will need to have substantial experience. Most of the building elements are typical. It may be necessary to seek expertise outside the county for installation of the photovoltaic power and ground source heat pump systems.

Mr. Benson reported at the GC/CM competition level, supply chain contractors are taking big financial risks and putting their firms and other project firms in jeopardy. He asked how the owner can keep that from occurring. Mr. Chandler reported OAC is acutely aware of the issue. The intent is factoring selections based on qualifications.

Mr. Olson suggested OAC should discuss those issues with the PUD as well. He said he'll recommend to the client that the fee is a small percentage of the scorecard points.

Discussion ensued on the funding status for the project. Mr. Olson reported he spoke with the PUD's finance manager and asked if \$8 to \$10 million for the photovoltaic panels will work within the budget. The finance manager has indicated there shouldn't be any problems. The PUD has a solid financial history and their bond rating is good.

There were no public comments.

Mr. Huey Ray encouraged the owner to maximize participation opportunities for small minority and women owned businesses. Mr. Chandler selection criteria are included on all OAC GC/CM projects for small minority and women-owned businesses. GC/CM and subcontractors are expected to demonstrate how they will encourage participation by small minority and women owned businesses. Mr. Huey Ray added that the state office is available to provide assistance.

Panel members discussed the application and shared the following comments:

- Concerns on project management, roles and responsibilities, and the owner's commitment have been addressed.
- Questions concerning the relationship of funding to project phasing have been answered, which were missing in the last presentation. A project manager, with support from OAC, has been dedicated to the project.
- Mr. Olson provided an excellent explanation of the technical and complex matters. The detailed answers were appreciated.
- It appears the applicant has addressed concerns of the panel.
- The team demonstrated the appropriateness of the GC/CM model to deliver an excellent project.
- The project is groundbreaking in Washington State and this area of the country. Attention will be focused on the PUD project. The ability to bring a GC/CM on board will create a successful venture. The team did a good job responding to questions and concerns.

Chuck Davis moved, seconded by Miriam Israel Moses, to approve the Mason County PUD #3 project application for GC/CM. Motion carried unanimously.

Adjournment

Miriam Israel Moses moved, seconded by Christy Trautman, to adjourn the meeting at 11:02 a.m. Motion carried.